

SECTION 4 - DISABILITY INCOME BENEFITS

LONG TERM DISABILITY COVERAGE

Disability Benefit

When Liberty receives Proof that a Covered Person is Disabled due to Injury or Sickness and requires the Regular Attendance of a Physician, Liberty will pay the Covered Person a Monthly Benefit after the end of the Elimination Period, subject to any other provisions of this policy. The benefit will be paid for the period of Disability if the Covered Person gives to Liberty Proof of continued:

1. Disability;
2. Regular Attendance of a Physician; and
3. Appropriate Available Treatment.

The Proof must be given upon Liberty's request and at the Covered Person's expense. In determining whether the Covered Person is Disabled, Liberty will not consider employment factors including, but not limited to, interpersonal conflict in the workplace, recession, job obsolescence, paycuts, job sharing and loss of a professional or occupational license or certification.

For purposes of determining Disability, Disability must begin while the Employee is insured for this coverage.

The Monthly Benefit will not:

1. exceed the Covered Person's Amount of Insurance; or
2. be paid for longer than the Maximum Benefit Period.

The Amount of Insurance and the Maximum Benefit Period are shown in the Schedule of Benefits.

Amount of Disability Monthly Benefit

To figure the amount of Monthly Benefit:

1. Take the lesser of:
 - a. the Covered Person's Basic Monthly Earnings multiplied by the benefit percentage shown in the Schedule of Benefits; or
 - b. the Maximum Monthly Benefit shown in the Schedule of Benefits; and then
2. Deduct Other Income Benefits and Other Income Earnings, (shown in the Other Income Benefits and Other Income Earnings provision of this policy), from this amount.

SECTION 4 - DISABILITY INCOME BENEFITS (Continued)

LONG TERM DISABILITY COVERAGE (Continued)

Partial Disability

When Liberty receives Proof that a Covered Person is Partially Disabled and has experienced a loss of earnings due to Injury or Sickness and requires the Regular Attendance of a Physician, he may be eligible to receive a Monthly Benefit, subject to any other provisions of this policy. To be eligible to receive Partial Disability benefits, the Covered Person may be employed in his Own Occupation or another occupation, must satisfy the Elimination Period and must be earning between 20% and 80% of his Basic Monthly Earnings.

A Monthly Benefit will be paid for the period of Partial Disability if the Covered Person gives to Liberty Proof of continued:

1. Partial Disability;
2. Regular Attendance of a Physician; and
3. Appropriate Available Treatment.

The Proof must be given upon Liberty's request and at the Covered Person's expense. In determining whether the Covered Person is Partially Disabled, Liberty will not consider employment factors including, but not limited to, interpersonal conflict in the workplace, recession, job obsolescence, paycuts, job sharing and loss of a professional or occupational license or certification.

For purposes of determining Partial Disability, Partial Disability must begin while the Employee is insured for this coverage.

Loss of Earnings Monthly Calculation with Work Incentive Benefit

For the first 12 months, the work incentive benefit will be an amount equal to the Covered Person's Basic Monthly Earnings multiplied by the benefit percentage shown in the Schedule of Benefits, without any reductions from earnings. The work incentive benefit will only be reduced, if the Monthly Benefit payable plus any earnings exceed 100% of the Covered Person's Basic Monthly Earnings. If the combined total is more, the Monthly Benefit will be reduced by the excess amount so that the Monthly Benefit plus the Covered Person's earnings does not exceed 100% of his Basic Monthly Earnings.

Thereafter, the Monthly Benefit will be calculated as follows:

1. The Covered Person's Basic Monthly Earnings minus the Covered Person's earnings received while he is Partially Disabled. This figure represents the amount of lost earnings.
2. Multiply the amount of lost earnings by 75%; and then
3. deduct Other Income Benefits (shown in the Other Income Benefits and Other Income Earnings provision of this policy) from this amount.

Long Term Partial Disability with Work Incentive
Loss of Earnings
LTD-4.5

SECTION 4 - DISABILITY INCOME BENEFITS
(Continued)

LONG TERM DISABILITY COVERAGE (Continued)

Mental Illness and/or Substance Abuse

The benefit for Disability due to Mental Illness, and/or Substance Abuse will not exceed a combined period of 24 months of Monthly Benefit payments while the Covered Person is insured under this policy.

If the Covered Person is in a Hospital or Institution for Mental Illness and/or Substance Abuse at the end of the combined period of 24 months, the Monthly Benefit will be paid during the confinement.

If the Covered Person is not confined in a Hospital or Institution for Mental Illness and/or Substance Abuse, but is fully participating in an Extended Treatment Plan for the condition that caused Disability, the Monthly Benefit will be payable to a Covered Person for up to a combined period of 36 months.

In no event will the Monthly Benefit be payable beyond the Maximum Benefit Period shown in the Schedule of Benefits.

SECTION 4 - DISABILITY INCOME BENEFITS

(Continued)

LONG TERM DISABILITY COVERAGE (Continued)

Rehabilitation Incentive Benefit

Liberty will pay an increased Monthly Benefit while a Covered Person is fully participating in a Rehabilitation Program. Liberty must first approve the Rehabilitation Program in writing before a Covered Person can be considered for this benefit. If Liberty does not approve a Rehabilitation Program, the regular Disability benefit will be payable provided the Covered Person is Disabled under the terms of this policy. To be eligible for a Rehabilitation Incentive Benefit, the Covered Person must:

1. be Disabled and receiving benefits under this policy; and
2. be fully participating in a Rehabilitation Program approved by Liberty.

Increased Monthly Benefit

If the Covered Person is eligible for a Rehabilitation Incentive Benefit, the benefit percentage shown in the Schedule of Benefits, will be increased to 70% for Class 1 and to 60% for Class 2. The increased benefit will begin on the first day of the month after Liberty receives written Proof of the Covered Person's full participation in the Rehabilitation Program.

Disability Benefits Termination

If the Covered Person, at any time, declines to fully participate in an approved Rehabilitation Program recommended by Liberty, his Disability benefits will terminate on the first day of the month following the Covered Person's declination to fully participate in the approved Rehabilitation Program. If Liberty recommends rehabilitation, no benefit will be paid from the date recommendation is made until Liberty receives the Covered Person's written agreement to fully participate in the Rehabilitation Program.

Discontinuation of the Rehabilitation Incentive Benefit

The Rehabilitation Incentive Benefit will cease:

1. when the Covered Person is no longer fully participating in a Rehabilitation Program approved by Liberty;
2. in accordance with the provisions entitled "Discontinuation of the Long Term Disability Benefit";
or
3. when the Rehabilitation Program ends.

SECTION 4 - DISABILITY INCOME BENEFITS

(Continued)

LONG TERM DISABILITY COVERAGE (Continued)

Rehabilitation Incentive Benefit (Continued)

For the purpose of this provision, "Rehabilitation Program" means a comprehensive individually tailored, goal oriented program to return a Disabled Covered Person to gainful employment. The services offered may include, but are not limited to, the following:

1. physical therapy;
2. occupational therapy;
3. work hardening programs;
4. functional capacity evaluations;
5. psychological and vocational counseling;
6. rehabilitative employment; and
7. vocational rehabilitation services.

SECTION 4 - DISABILITY INCOME BENEFITS (Continued)

LONG TERM DISABILITY COVERAGE (Continued)

Other Income Benefits and Other Income Earnings

Other Income Benefits means:

1. The amount for which the Covered Person is eligible under:
 - a. Workers' or Workmen's Compensation Laws;
 - b. Occupational Disease Law;
 - c. Title 46, United States Code Section 688 (The Jones Act);
 - d. Railroad Retirement Act;
 - e. any governmental compulsory benefit act or law other than motor vehicle insurance; or
 - f. any other act or law of like intent.
2. The amount of any Disability benefits which the Covered Person receives under:
 - a. any other group insurance plan of the Sponsor which became effective after the Covered Person's Disability began; and
 - b. any governmental retirement system as a result of his employment with the Sponsor
3. The amount of benefits the Covered Person receives under the Sponsor's Retirement Plan as follows:
 - a. the amount of any Disability Benefits under a Retirement Plan, or Retirement Benefits under a Retirement Plan the Covered Person voluntarily elects to receive as retirement payment under the Sponsor's Retirement Plan; and
 - b. the amount the Covered Person receives as retirement payments when he reaches the later of age 62, or normal retirement age as defined in the Sponsor's plan.
4. The amount of Disability Benefits under the United States Social Security Act, the Canada Pension Plan, the Quebec Pension Plan, or any similar plan or act, which:
 - a. the Covered Person receives or is eligible to receive; and
 - b. his spouse, child or children receive or are eligible to receive because of his Disability; or
5. The amount of Retirement Benefits under the United States Social Security Act, the Canada Pension Plan, the Quebec Pension Plan, or any similar plan or act, which:
 - a. the Covered Person receives; and
 - b. his spouse, child or children receive because of his Disability;
6. Any amount the Covered Person receives from any unemployment benefits.

SECTION 4 - DISABILITY INCOME BENEFITS

(Continued)

LONG TERM DISABILITY COVERAGE (Continued)

Other Income Benefits and Other Income Earnings (Continued)

Other Income Earnings means:

1. any amount the Covered Person receives from any formal or informal sick leave or salary continuation plan(s).
2. the amount of earnings the Covered Person earns or receives from any form of employment including severance.

Other Income Benefits, except retirement benefits, must be payable as a result of the same Disability for which Liberty pays a benefit. The sum of Other Income Benefits and Other Income Earnings will be deducted in accordance with the provisions of this policy.

SECTION 4 - DISABILITY INCOME BENEFITS

(Continued)

LONG TERM DISABILITY COVERAGE (Continued)

Estimation of Benefits

Liberty will reduce the Covered Person's Disability or Partial Disability benefits by the amount of Other Income Benefits that we estimate are payable to the Covered Person and his dependents.

The Covered Person's Disability benefit will not be reduced by the estimated amount of Other Income Benefits if the Covered Person:

1. provides satisfactory proof of application for Other Income Benefits;
2. signs a reimbursement agreement under which, in part, the Covered Person agrees to repay Liberty for any overpayment resulting from the award or receipt of Other Income Benefits;
3. if applicable, provides satisfactory proof that all appeals for Other Income Benefits have been made on a timely basis to the highest administrative level unless Liberty determines that further appeals are not likely to succeed; and
4. if applicable, submits satisfactory proof that Other Income Benefits have been denied at the highest administrative level unless Liberty determines that further appeals are not likely to succeed.

Liberty will not estimate or reduce for any benefits under the Sponsor's pension or retirement benefit plan according to applicable law, until the Covered Person actually receives them.

In the event that Liberty overestimates the amount payable to the Covered Person from any plans referred to in the Other Income Benefits and Other Income Earnings provision of this policy, Liberty will reimburse the Covered Person for such amount upon receipt of written proof of the amount of Other Income Benefits awarded (whether by compromise, settlement, award or judgement) or denied (after appeal through the highest administrative level).

Social Security Assistance

Liberty may help a Covered Person in applying for Social Security Disability Income Benefits. In order to be eligible for assistance the Covered Person must be receiving a Monthly Benefit from Liberty. Such assistance will be provided only if Liberty determines that assistance would be beneficial.

SECTION 4 - DISABILITY INCOME BENEFITS

(Continued)

LONG TERM DISABILITY COVERAGE (Continued)

Lump Sum Payments

Other Income Benefits from a compromise, settlement, award or judgement which are paid to the Covered Person in a lump sum and are meant to compensate the Covered Person for any one or more of the following:

1. loss of past or future wages;
2. impaired earnings capacity;
3. lessened ability to compete in the open labor market;
4. any degree of permanent impairment; and
5. any degree of loss of bodily function or capacity;

will be prorated on a monthly basis as follows:

1. over the period of time such benefits would have been paid if not in a lump sum; or
2. if such period of time cannot be determined, the lesser of:
 - a. the remainder of the Maximum Benefit Period; or
 - b. 5 years.

Protection of Monthly Benefit Amount

After the first deduction for each of the Other Income Benefits, the Monthly Benefit will not be further reduced due to any cost of living increases payable under the Other Income Benefits and Other Income Earnings provision of this policy. However, after the first deduction for Social Security payments, the Monthly Benefit will not be further reduced for any type of increase in Social Security payments, cost of living or otherwise.

Prorated Benefits

For any period for which a Long Term Disability benefit is payable that does not extend through a full month, the benefit will be paid on a prorated basis. The rate will be 1/30th for each day for such period of Disability.

Discontinuation of the Long Term Disability Benefit

The Monthly Benefit will cease on the earliest of:

1. the date the Covered Person fails to provide Proof of continued Disability or Partial Disability and Regular Attendance of a Physician;
2. the date the Covered Person fails to cooperate in the administration of the claim. Such cooperation includes, but is not limited to, providing any information or documents needed to determine whether benefits are payable or the actual benefit amount due;

SECTION 4 - DISABILITY INCOME BENEFITS

(Continued)

LONG TERM DISABILITY COVERAGE (Continued)

Discontinuation of the Long Term Disability Benefit (Continued)

The Monthly Benefit will cease on the earliest of: (Continued)

3. the date the Covered Person refuses to be examined or evaluated at reasonable intervals;
4. the date the Covered Person refuses to receive Appropriate Available Treatment;
5. the date the Covered Person refuses to work at his Own Occupation in a job with the Sponsor where workplace modifications or accommodations were made to allow the Covered Person to perform the Material and Substantial Duties of his Own Occupation;
6. the date the Covered Person is able to work in his Own Occupation on a part-time basis, but chooses not to;
7. the first day of the month following the date the Covered Person refuses to fully participate in a Rehabilitation Program recommended by Liberty according to the individually written Rehabilitation Program;
8. the date the Covered Person's current Partial Disability earnings exceed 80% of his Basic Monthly Earnings;

Because the Covered Person's current earnings may fluctuate, Liberty will average earnings over three consecutive months rather than immediately terminating his benefit once 80% of Basic Monthly Earnings has been exceeded.
9. the date the Covered Person is no longer Disabled according to this policy;
10. the end of the Maximum Benefit Period; or
11. the date the Covered Person dies.

SECTION 4 - DISABILITY INCOME BENEFITS (Continued)

LONG TERM DISABILITY COVERAGE (Continued)

Successive Periods of Disability

With respect to this policy, "Successive Periods of Disability" means a Disability which is related or due to the same cause(s) as a prior Disability for which a Monthly Benefit was payable.

A Successive Period of Disability will be treated as part of the prior Disability if, after receiving Disability benefits under this policy, a Covered Person:

1. returns to his Own Occupation on an Active Employment basis for less than six continuous months; and
2. performs all the Material and Substantial Duties of his Own Occupation.

Benefit payments will be subject to the terms of this policy for the prior Disability.

If a Covered Person returns to his Own Occupation on an Active Employment basis for six continuous months or more, the Successive Period of Disability will be treated as a new period of Disability. The Covered Person must complete another Elimination Period and will be subject to a new Maximum Benefit Period.

If a Covered Person becomes covered under any other group long term disability coverage, that became effective after his Disability began, this Successive Period of Disability provision will cease to apply to that Covered Person.

SECTION 5 - EXCLUSIONS

GENERAL EXCLUSIONS

This policy will not cover any Disability due to:

1. war, declared or undeclared, or any act of war;
2. intentionally self-inflicted injuries, while sane or insane;
3. the Covered Person's active Participation in a Riot;
4. the Covered Person's committing of or attempting to commit a felony;
5. cosmetic surgery unless such surgery is in connection with an Injury or Sickness sustained while the individual is a Covered Person or unless Disability arises from unplanned and unanticipated adverse consequences of such surgery;
6. a gender change, including, but not limited to, any operation, drug therapy or any other procedure related to a gender change or unless Disability arises from unplanned and unanticipated adverse consequences of a gender change.

No benefit will be payable during any period of incarceration.

With respect to this provision, Participation shall include promoting, inciting, conspiring to promote or incite, aiding, abetting, and all forms of taking part in, but shall not include actions taken in defense of public or private property, or actions taken in defense of the Covered Person, if such actions of defense are not taken against persons seeking to maintain or restore law and order including, but not limited to police officers and fire fighters.

With respect to this provision, Riot shall include all forms of public violence, disorder or disturbance of the public peace, by three or more persons assembled together, acting with a common intent whether or not damage to persons or property or unlawful act or acts is the intent or the consequence of such disorder.

SECTION 5 - EXCLUSIONS

(Continued)

SHORT TERM DISABILITY COVERAGE

Disability Benefit Exclusions

A Weekly Benefit will not be payable if a Covered Person becomes Disabled due to:

1. Injury that arises out of or in the course of employment; or
2. Sickness when a benefit is payable under a Workers' Compensation Law, or any other act or law of like intent.

These exceptions will not apply to partners or proprietors who elect not to be covered under such laws.

SECTION 5 - EXCLUSIONS

(Continued)

SHORT TERM DISABILITY COVERAGE

Pre-Existing Condition Exclusion(s)

This policy will not cover any Disability:

1. which is caused or contributed to by, or results from a Pre-Existing Condition; and
2. which begins in the first 12 months immediately after the Covered Person's effective date of coverage, unless he received no Treatment of the condition for any 6 consecutive months after his effective date of coverage.

"Pre-Existing Condition" means a condition resulting from an Injury or Sickness for which the Covered Person is diagnosed or received Treatment within 6 months prior to the Covered Person's effective date of coverage. A Pre-Existing Condition does not include a condition admitted in the application which was not excluded by a signed waiver rider.

For Employees who Increase their Coverage Option During an Annual Enrollment Period:

This policy will not cover any increase in amount of coverage for any Disability:

1. which is caused or contributed to by, or results from a Pre-Existing Condition; and
2. which begins in the first 12 months immediately after the Covered Person's effective date of increased coverage, unless he received no Treatment of the condition for any 6 consecutive months after his effective date of increased coverage.

"Pre-Existing Condition" means a condition resulting from an Injury or Sickness for which the Covered Person is diagnosed or received Treatment within 6 months prior to the Covered Person's effective date of increased coverage. A Pre-Existing Condition does not include a condition admitted in the application which was not excluded by a signed waiver rider.

SECTION 5 - EXCLUSIONS

(Continued)

LONG TERM DISABILITY COVERAGE

Pre-Existing Condition Exclusion(s)

This policy will not cover any Disability or Partial Disability:

1. which is caused or contributed to by, or results from a Pre-Existing Condition; and
2. which begins in the first 12 months immediately after the Covered Person's effective date of coverage, unless he received no Treatment of the condition for any 6 consecutive months after his effective date of coverage.

"Pre-Existing Condition" means a condition resulting from an Injury or Sickness for which the Covered Person is diagnosed or received Treatment within 6 months prior to the Covered Person's effective date of coverage. A Pre-Existing Condition does not include a condition admitted in the application which was not excluded by a signed waiver rider.

For Employees who Increase their Coverage Option During an Annual Enrollment Period:

This policy will not cover the increase in amount of coverage for any Disability or Partial Disability:

1. which is caused or contributed to by, or results from a Pre-Existing Condition; and
2. which begins in the first 12 months immediately after the Covered Person's effective date of increased coverage, unless he received no Treatment of the condition for any six consecutive months after his effective date of increased coverage.

"Pre-Existing Condition" means a condition resulting from an Injury or Sickness for which the Covered Person is diagnosed or received Treatment within 6 months prior to the Covered Person's effective date of increased coverage. A Pre-Existing Condition does not include a condition admitted in the application which was not excluded by a signed waiver rider.

SECTION 6 - TERMINATION PROVISIONS

Termination of a Covered Person's Insurance

A Covered Person will cease to be insured on the earliest of the following dates:

1. the date this policy terminates;
2. the date the Covered Person is no longer in an eligible class;
3. the date the Covered Person's class is no longer included for insurance;
4. the last day for which any required Employee contribution has been made subject to the grace period;
5. the date employment terminates. Cessation of Active Employment will be deemed termination of employment, except the insurance will be continued for an Employee absent due to Disability during:
 - a. the Elimination Period; and
 - b. any period during which premium is being waived.
6. the date the Covered Person ceases active work due to a labor dispute, including any strike, work slowdown, or lockout.

Termination of a Covered Person's Insurance shall be without prejudice of any claim originating prior to the time of the termination.

Liberty reserves the right to review and terminate all classes insured under this policy if any class(es) cease(s) to be covered. Such termination will not occur until after the first contract year.

Note: The Sponsor is required to continue to pay the premium for an employee under the policy until notice of termination of coverage has been received by Liberty.

SECTION 6 - TERMINATION PROVISIONS

(Continued)

Policy Termination

1. Termination of this policy under any conditions will not prejudice any claim which occurs while this policy is in force.
2. If the Sponsor fails to pay any premium within the grace period, this policy will terminate at 12:00 midnight Standard Time in the governing jurisdiction on the last day of the grace period. The Sponsor may terminate this policy by advance written notice delivered to Liberty at least 31 days prior to the termination date. This policy will not terminate during any period for which premium has been paid. The Sponsor will be liable to Liberty for all premiums due and unpaid for the full period for which this policy is in force.
3. Liberty may terminate this policy on any premium due date by giving written notice to the Sponsor at least 31 days in advance if:
 - a. the number of Employees insured is fewer than 10; or

Applicable to Class 1

- b. less than 50% of the Employees eligible for any contributory insurance are insured for it; or

Applicable to Class 2

- c. less than 25% of the Employees eligible for any contributory insurance are insured for it; or
- d. the Sponsor fails:
 - i. to furnish promptly any information which Liberty may reasonably require; or
 - ii. to perform any other obligations pertaining to this policy.
4. Liberty may terminate this policy or any coverage(s) afforded hereunder and for any class of covered Employees on any premium due date after it has been in force for 12 months. Liberty will provide written notice of such termination to the Sponsor at least 31 days before the termination is effective.
5. Termination may take effect on an earlier date if agreed to by the Sponsor and Liberty.

SECTION 7 - GENERAL PROVISIONS

Assignment

No assignment of any present or future right or benefit under this policy will be allowed.

Complete Contract - Policy Changes

1. This policy is the entire contract. It consists of:
 - a. all of the pages; and
 - b. the attached signed Application of the Sponsor; and
 - c. if contributory each Employee's signed application for insurance.
2. This policy may be changed in whole or in part. Only an officer of Liberty can approve a change. The approval must be in writing and endorsed on or attached to this policy.
3. No other person, including an agent, may change this policy or waive any part of it.

Conformity with State Statutes

Any provision of this policy which, on its effective date, is in conflict with the statutes of the governing jurisdiction of this policy is hereby amended to conform to the minimum requirements of such statute.

Employee's Certificate

Liberty will provide a Certificate to the Sponsor for delivery to Covered Persons. It will state:

1. the name of the insurance company and the policy number;
2. a description of the insurance provided;
3. the method used to determine the amount of benefits;
4. to whom benefits are payable;
5. limitations or reductions that may apply;
6. the circumstances under which insurance terminates; and
7. the rights of the Covered Person upon termination of this policy.

If the terms of a Certificate and this policy differ, this policy will govern.

Note: New eligible members may be added from time to time as explained in SECTION 3 AND SECTION 1.

Examination

Liberty, at its own expense, may have the right and opportunity to have a Covered Person, whose Injury or Sickness is the basis of a claim, examined or evaluated at reasonable intervals deemed necessary by Liberty. This right may be used as often as reasonably required.

SECTION 7 - GENERAL PROVISIONS

(Continued)

Furnishing of Information - Access to Records

1. The Sponsor will furnish at regular intervals to Liberty:
 - a. information relative to Employees:
 - i. who qualify to become insured;
 - ii. whose amounts of insurance change; and/or
 - iii. whose insurance terminates.
 - b. any other information about this policy that may be reasonably required.

The Sponsor's records which, in the opinion of Liberty, have a bearing on the insurance will be opened for inspection at any reasonable time.

2. Clerical error or omission will not:
 - a. deprive an Employee of insurance;
 - b. affect an Employee's Amount of Insurance; or
 - c. effect or continue an Employee's insurance which otherwise would not be in force.

Interpretation of the Policy

Liberty shall possess the authority, in its sole discretion, to construe the terms of this policy and to determine benefit eligibility hereunder.

Incontestability

The validity of this policy shall not be contested, except for non-payment of premiums, after it has been in force for two years from the date of issue. The validity of this policy shall not be contested on the basis of a statement made relating to insurability by any person covered under this policy after such insurance has been in force for two years during such person's lifetime, and shall not be contested unless the statement is contained in a written instrument signed by the person making such statement.

Legal Proceedings

A claimant or the claimant's authorized representative cannot start any legal action:

1. until 60 days after Proof of claim has been given; or
2. more than three years after the time Proof of claim is required.

SECTION 7 - GENERAL PROVISIONS

(Continued)

Misstatement of Age

If a Covered Person's age has been misstated, an equitable adjustment will be made in the premium. If the amount of the benefit is dependent upon an Employee's age, the amount of the benefit will be the amount an Employee would have been entitled to if his correct age were known.

A refund of premium will not be made for a period more than 12 months before the date Liberty is advised of the error.

Notice and Proof of Claim

1. Notice

- a. Notice of claim must be given to Liberty within 30 days of the date of the loss on which the claim is based. If that is not possible, Liberty must be notified as soon as it is reasonably possible to do so. Such notice of claim must be received in a form or format satisfactory to Liberty.
- b. When written notice of claim is applicable and has been received by Liberty, the Covered Person will be sent claim forms. If the forms are not received within 15 days after written notice of claim is sent, the Covered Person can send to Liberty written Proof of claim without waiting for the forms.

2. Proof

- a. Satisfactory Proof of loss must be given to Liberty no later than 90 days after the end of the Elimination Period.
- b. Failure to furnish such Proof within such time shall not invalidate or reduce any claim if it was not reasonably possible to furnish such Proof within such time. Such Proof must be furnished as soon as reasonably possible, and in no event, except in the absence of legal capacity of the claimant, later than one year from the time Proof is otherwise required.
- c. Proof of continued loss, continued Disability or Partial Disability, when applicable, and Regular Attendance of a Physician must be given to Liberty within 30 days of the request for such Proof.

Liberty reserves the right to determine if the Covered Person's Proof of loss is satisfactory.

Payment of Claims

The benefit is payable to the Covered Person. But, if a benefit is payable to a Covered Person's estate, a Covered Person who is a minor, or who is not competent, Liberty has the right to pay up to \$2,000 to any of the Covered Person's relatives or any other person whom Liberty considers entitled thereto by reason of having incurred expense for the maintenance, medical attendance or burial of the Covered Person. If Liberty in good faith pays the benefit in such a manner, any such payment shall fulfill Liberty's responsibility for the amount paid.

SECTION 7 - GENERAL PROVISIONS

(Continued)

Right of Recovery

Liberty has the right to recover any overpayment of benefits caused by, but not limited to, the following:

1. fraud;
2. any error made by Liberty in processing a claim; or
3. the Covered Person's receipt of any Other Income Benefits.

Liberty may recover an overpayment by, but not limited to, the following:

1. requesting a lump sum payment of the overpaid amount;
2. reducing any benefits payable under this policy;
3. taking any appropriate collection activity available including any legal action needed; and
4. placing a lien, if not prohibited by law, in the amount of the overpayment on the proceeds of any Other Income Benefits, whether on a periodic or lump sum basis.

It is required that full reimbursement be made to Liberty.

Statements

In the absence of fraud, all statements made in any application are considered representations and not warranties (absolute guarantees). No representation by:

1. the Sponsor in applying for this policy will make it void unless the representation is contained in the signed Application; or
2. any Employee in enrolling for insurance under this policy will be used to reduce or deny a claim unless a copy of the Enrollment Form, signed by the Employee if required, is or has been given to the Employee.

Subrogation and Reimbursement

When a Covered Person's Injury or Sickness appears to be someone else's fault, benefits otherwise payable under this policy for loss of time as a result of that Injury or Sickness will not be paid unless the Covered Person or his legal representative agree(s):

1. to repay Liberty for such benefits to the extent they are for losses for which compensation is paid to the Covered Person by or on behalf of the person at fault and exceeds: the amount of legal fees and court costs incurred by the Covered Person to obtain such compensation, multiplied by the ratio of the total medical expense accounted for in the settlement to the entire amount of the settlement;
2. to allow Liberty a lien on such compensation and to hold such compensation in trust for Liberty; and
3. to execute and give to Liberty any instruments needed to secure the rights under 1. and 2. above.

Further, when Liberty has paid benefits to or on behalf of the injured Covered Person, Liberty will be subrogated to all rights of recovery that the Covered Person has against the person at fault. These subrogation rights will extend only to recovery of the amount Liberty has paid. The Covered Person must execute and deliver any instruments needed and do whatever else is necessary to secure those rights to Liberty.

SECTION 7 - GENERAL PROVISIONS

(Continued)

Subrogation and Reimbursement (Continued)

As used in this provision, "Settlement" means, any award ruling, judgment, compromise or agreement.

Workers' Compensation

This policy and the coverages provided are not in lieu of, nor will they affect any requirements for coverage under any Workers' Compensation Law or other similar law.

Time of Payment of Claim

- (a) Benefits payment under the policy for any loss other than benefits for the loss of time will be paid not more than 30 days after receipt of written proof of loss; and
- (b) Subject to written proof of loss, all accrued indemnities for loss of time will be paid not less frequently than monthly during the continuance of the period for which the carrier is liable, and any balance remaining unpaid at the termination of the period will be paid as soon as reasonably possible after receipt of proof.

SECTION 8 - PREMIUMS

Premium Rates

Liberty has set the premiums that apply to the coverage(s) provided under this policy. Those premiums are shown in a notice given to the Sponsor with or prior to delivery of this policy.

A change in the initial premium rate(s) will not take effect within the first 36 months, except that Liberty may change premium rates at any time for reasons which affect the risk assumed, including those reasons shown below:

1. a change occurs in the policy design;
2. a division, subsidiary or Associated Company is added to or deleted from this policy;
3. when the number of Covered Persons changes by 15% or more from the number insured on this policy's effective date; or
4. a change in existing law which affects this policy.

No premium may be changed unless Liberty notifies the Sponsor at least 45 days in advance. Premium changes may take effect on an earlier date when both Liberty and the Sponsor agree.

Payment of Premiums

1. All premiums due under this policy, including adjustments, if any, are payable by the Sponsor on or before their due dates at Liberty's Administrative Office, or to Liberty's agent. The due dates are specified on the first page of this policy.
2. All payments made to or by Liberty shall be in United States dollars.
3. If premiums are payable on a monthly basis, premiums for additional or increased insurance becoming effective during a policy month will be charged from the next premium due date.
4. The premium charge for insurance terminated during a policy month will cease at the end of the policy month in which such insurance terminates. This manner of charging premium is for accounting purposes only. It will not extend insurance coverage beyond a date it would have otherwise terminated as shown in the "Termination of a Covered Person's Insurance" provision of this policy.
5. If premiums are payable on other than a monthly basis, premiums for additional, increased, reduced or terminated insurance will cause a prorated adjustment on the next premium due date.
6. Except for fraud and premium adjustments, refunds of premiums or charges will be made only for:
 - a. the current policy year; and
 - b. the immediately preceding policy year.

SECTION 8 - PREMIUMS

(Continued)

Grace Period

This is the 31 days following a premium due date, other than the first, during which premium payment may be made. During the grace period this policy shall continue in force, unless the Sponsor has given Liberty written notice 31 days in advance of discontinuance of this policy.

Waiver of Premium

With respect to Long Term Disability benefits, premium payments for a Covered Person are waived during any period for which benefits are payable. If coverage is to be continued, premium payments must be resumed following a period during which they were waived.